

SHRIMATHI DEVKUNVAR NANALAL BHATT VAISHNAV COLLEGE FOR WOMEN (AUTONOMOUS)
(Affiliated to the University of Madras and Re-accredited with 'A+' Grade by NAAC)
Chromepet, Chennai — 600 044.

B.Com.(A&F) END SEMESTER EXAMINATIONS NOVEMBER-2022
SEMESTER - II

20UAFCT2003 - Advanced Financial Accounting

Total Duration : 2 Hrs 30 Mins.

Total Marks : 60

Section A

Answer any **SIX** questions ($6 \times 5 = 30$ Marks)

1. The following information relates to Madurai Branch

Stock on 1.1.2014	11,200	
Branch debtors on 1.1.2014	6,300	
Goods sent to Branch	51,000	
Cash sent to Branch for :		
Rent	1,500	
Salaries	3,000	
Petty Cash	500	5,000
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Sales at Branch:		
Cash	25,000	
Credit	39,000	64,000
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Cash received from Debtors	41,200	
Stock on 31.12.2014	13,600	

Prepare Branch Accounts for the year 2014.

- What is departmental Accounting? Explain the advantages of Departmental Accounting.
- X purchased a typewriter on hire purchases system. As per terms, he is required to pay Rs.800 down, Rs.400 at the end of the first year, Rs.300 at the end of the second year and Rs.700 at the end of the third year. Interest is charged at 5%P.a. Calculate the total cash price of the typewriter and the amount of interest payable on each instalment.
- Rao and Swami are partners in a firm sharing profits and losses in 3:2 ratio. They admit Ravi as a new partner for $\frac{1}{8}$ share in the profits. The new profit sharing ratio between Rao and Swami is 4:3. Calculate new profit sharing ratio and sacrificing ratio.
- A, B and C were partners sharing profits and losses in the ratio of 2:2:1 On 1st July 2007 their goodwill was valued at Rs.30,000, there being no account for it in the books. On this date 'B' retires. Pass Journal entries to record goodwill if,
 - Goodwill is raised in the books.
 - Goodwill is raised and not allowed to remain in book.
 - Only B's share is recorded and written off.
 - No account is raised for goodwill.
- Explain the process of dissolution of partnership firm.
- What journal entries would be recorded for the following transactions on the dissolution of a firm after various assets (other than cash) on the third party liabilities have been transferred to Realisation account?
 - Arti took over the Stock worth Rs.80,000 at Rs.68,000.
 - There was unrecorded Bike of Rs.40,000 which was taken over By Mr.Karim.
 - The firm paid Rs.40,000 as compensation to employees.
 - Sundry creditors amounting to Rs.36,000 were settled at a discount of 15%.
 - Loss on realisation Rs.42,000 was to be distributed between Arti and Karim in the ratio of 3:4.

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8. A,B and C were equal partners on 31.12.2003. Their position was as follows:

Liabilities	Amount	Assets	Amount
Capital		Cash	1,500
A	2,000	C's Capital	200
B	600	Loss on realisation	900
	2,600		2,600

'C' is insolvent and can pay nothing. Close the books of the firms.

Section B

Answer any **THREE** questions ($3 \times 10 = 30$ Marks)

9. A branch sent the following Trial Balance to its H.O:

Head office account		57,840
Sundry creditors		14,000
Sales		2,20,000
Balance at bank	9,000	
Cash in hand	140	
Sundry Debtors	54,000	
Purchases	1,60,000	
Rent and rates	4,000	
General Expenses	7,000	
Salaries	12,000	
Bad debts	700	
Fixture and fitting	2,400	
Machinery	4,600	
Stock 1 st January	38,000	
	2,91,840	2,91,840

The proportion of head office expenses to be charged to the branch is Rs.4,500. The salaries include a sum of Rs.2,600 paid to branch manager who is further entitled to 15% commission on the net profit of the branch before charging such commission.

The branch stock on 31st December was Rs.22,000. Prepare the branch **Trading And Profit And Loss Account And Balance Sheet** allowing 10% depreciation on the fixed assets.

10. From the following information, Prepare departmental trading and Profit and Loss account in a columnar form the three departments of Sharma Dry Cleaners Ltd.

Particulars	Dry cleaning Rs.	Darning Rs.	Dyeing Rs.
Stock 1 st Jan 1996	4,00,000	3,40,000	9,40,000
Stock 31 st Dec 1996	3,30,000	4,38,000	8,17,000
Purchases	19,59,000	6,97,000	13,73,000
Sales	40,00,000	20,00,000	40,00,000
wages	7,28,000	3,00,000	2,46,000

Goods were transferred from the one development to another at cost price as follows:

- Darning to dry cleaning Rs.2,400 and to dyeing Rs.40,200.
- Dyeing to dry cleaning Rs.25,800 and to darning Rs.18,000.
- Dry cleaning to darning Rs.3,000 and to dyeing Rs.24,000.

Apportion equally:

	Rs.
Stationery	5,418
Postage	4,050
General expenses	2,27,618
Insurance	10,080
Depreciation	32,598

Rent and Taxes Rs.1,80,000 is to be split in proportion to space occupied i.e., dry cleaning 4, darning 2, dyeing 2 and other space 2.

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11. Mr.P purchased 4 cars for Rs.14,000 each for on 1-1-2017 under the hire purchases system. The hire purchases price for all the 4 cars was Rs.60,000 to be paid as Rs.15,000 down payment and 3 equal installments of Rs.15,000 each at the end of each year. Interest is charged at 5% P.a. The buyer depreciates the car at 10% p.a on straight line method. From the above particulars give journal entries and relevant A/c's in the books of Mr. P and in the Books of Hire-vendor.
12. Given below is the Balance Sheet of A and B, who are carrying on partnership business on 31.12.2006. A and B share profits and losses in the ratio of 2:1.

Liabilities		Amount (Rs.)	Assets	Amount (Rs.)
Trade Creditors		58,000	Cash-in-Hand	10,000
Bills Payable		10,000	Cash at Bank	40,000
Outstanding expenses		2,000	Debtors	60,000
			Stock	40,000
Capitals:			plant	1,00,000
A	1,80,000		Building	1,50,000
B	1,50,000	3,30,000		
		4,00,000		4,00,000

C is admitted as a partner on the date of the balance sheet on the following terms:

- C will bring in Rs.1,00,000 as his capital and Rs.60,000 as his share of goodwill for 1/4 share in the profits.
 - Plant is to be appreciated to Rs.1,20,000 and the value of buildings is to be appreciated by 10%.
 - Stock is found over valued by Rs.4,000.
 - A provision for bad and doubtful debts is to be created at 5% of debtors.
 - Creditors were unrecorded to the extent of Rs.1,000. Pass the necessary journal entries, prepare the revaluation account and partners' capital accounts, and show the Balance Sheet after the admission of C.
13. Shilpa, Meena and Nanda decided to dissolve their partnership on March 31,2006. Their profit sharing ratio was 3:2:1 and their Balance Sheet was as under:

Liabilities		Amount (Rs.)	Assets	Amount (Rs.)
Creditors		37,000	Land	81,000
Bank loan		20,000	stock	56,760
Provision for doubtful debts		1,200	Debtors	18,600
General Reserve		12,000	Nanda's capital	23,000
Capitals:			Cash	10,840
shilpa	80,000			
Meena	40,000	1,20,000		
		1,90,200		1,90,200

The stock of value of Rs.41,660 are taken over by Shilpa for Rs.35,000 and she agreed to discharge bank loan. The remaining stock was sold at Rs.14,000 and debtors amounting to Rs.10,000 realised Rs.8,000. land is sold for Rs.1,10,000. The remaining debtors realised 50% at their book value. Cost of realisation amounted to Rs.1,200. There was a typewriter not recorded in the books worth Rs.6,000 which were taken over by one of the Creditors at this value. Prepare Realisation Account
